

JUNE 2004 HIGHLIGHTS

Construction reached a new high in June at \$1.294 billion for the month. The housing boom continues. New houses and repairs, and expansion of existing dwellings accounted for \$729.1 million, 56.3 percent of all work authorized by permits. Nonresidential activity totaled \$565.2 million (43.7 percent), according to the 549 municipalities that reported.

Top Municipalities

Jersey City in Hudson County led all localities with \$40.4 million and had the most new houses, 421 authorized units just in the month of June. Residential construction accounted for \$27.5 million, 68 percent of the total amount of work in June. Three big developments accounted for most of the work: a conversion of an old factory into 73 rental units; a new Hovnanian development that will have market-rate condominiums; and a large, affordable townhouse development with more than 200 units.

Other top localities for the month were Mount Laurel Township in Burlington County (\$25.7 million), West Orange Township in Essex County (\$24.6 million), Franklin Township in Somerset County (\$24.4 million), and Freehold Township in Monmouth County (\$23.4 million). School construction accounted for most of the work in Mount Laurel, West Orange, and Freehold. Over three-fourths of the work in Mount Laurel was for alterations to elementary and grammar schools. West Orange has a new middle school underway with an estimated construction cost of \$19.3 million. Freehold is building a new vocational school with an estimated cost of \$19.7 million. A new hotel and new multifamily housing developments accounted for most of the activity in Franklin.

Mid-Year Review

Since January, estimated construction costs authorized by building permits totaled \$6.4 billion. This is 21 percent more than the first six months of 2003. The number of new houses is up 20 percent and new office space exceeds last year's pace by 20.5 percent. Only new retail space is down by nearly 42 percent below the level reached at last year's midpoint.

Major Construction Indicators, New Jersey: Six-Month Comparison				
Period	Estimated Cost of Construction	Authorized Housing Units	Authorized Office Space (square feet)	Authorized Retail Space (square feet)
January – June 1997	\$3,926,007,970	12,824	3,527,402	2,622,495
January – June 1998	\$4,121,149,094	15,139	4,780,300	4,128,120
January – June 1999	\$4,994,367,961	16,809	5,254,870	3,596,066
January – June 2000	\$4,798,965,724	16,849	5,972,159	2,233,888
January – June 2001	\$6,157,204,386	16,834	9,771,589	3,244,421
January – June 2002	\$5,530,176,347	15,026	4,717,733	4,255,238
January – June 2003	\$5,331,838,015	15,060	4,572,969	3,116,205
January – June 2004	\$6,449,484,680	18,075	5,510,963	1,816,673
<i>Difference Between 2003 and 2004</i>				
2003 - 2004	\$1,117,646,665	3,015	937,994	-1,299,532
Percent Change	21.0%	20.0%	20.5%	-41.7%
Source: N.J. Department of Community Affairs, 8/10/04				

Cities Continue as Top Performers

Atlantic City in Atlantic County, Jersey City, and the City of New Brunswick in Middlesex County had the most work in the first half of 2004. Hotel and casino development are the big items in Atlantic City, which reported \$136.3 million of construction between January and June. The largest development was a new, 1.4-million square-foot parking structure for Caesars Atlantic City hotel and casino. The estimated cost thus far is nearly \$58 million. Jersey City has \$131.5 million of work through June. New housing has played a major role in this City's development for several years and continues to do so in 2004. The municipality has 863 new houses authorized for construction in the first half of 2004, more than any other locality. New Brunswick ranks third among localities with \$121.3 million of authorized construction. Two high-rise, mixed-use developments with parking, shops, and housing are underway that together account for more than \$75 million of activity.

The City of Newark in Essex County ranks 6th among localities with \$90.1 million of construction. Housing has accounted for much of this activity. Newark is second to Jersey City for the most new authorized housing with 828 units. As is the case in Jersey City, the housing boom in Newark has continued over several years. Other cities among the top 20 localities are the City of Hoboken in Hudson County (\$56.7 million, ranking 15th) and the City of Elizabeth in Union County (\$51 million, ranking 20th).

New House Prices

The price of a new house continues to grow in New Jersey. Half of the 5,513 new houses that were built and began enrollment in a new home warranty program between April 1 and June 30, 2004 cost more than \$349,900. This was an eight

percent jump in house prices compared to last quarter. The most expensive new houses were in Bergen and Hunterdon Counties, each with median sales prices of about \$580,000.

New House Prices			
Period	Number of New Houses	Median Sales Price	Percent Change in Sales Price
1996	20,903	\$183,300	
1997	21,640	\$190,000	3.7%
1998	23,884	\$209,980	10.5%
1999	24,479	\$224,496	6.9%
2000	25,058	\$231,728	3.2%
2001	23,372	\$253,670	9.5%
2002	23,647	\$274,705	8.3%
2003	22,226	\$307,168	11.8%
1 st Quarter 2003	4,465	\$295,000	
2 nd Quarter 2003	5,540	\$300,793	2.0%
3 rd Quarter 2003	6,901	\$307,950	2.4%
4 th Quarter 2003	6,130	\$319,938	3.8%
1 st Quarter 2004	4,280	\$323,870	1.3%
2 nd Quarter 2004	5,513	\$349,900	8.0%
Source: N.J. Department of Community Affairs, 8/10/04			